

IN THE IOWA DISTRICT COURT FOR POLK COUNTY

STATE OF IOWA ex rel.
THOMAS J. MILLER,
ATTORNEY GENERAL OF IOWA

Plaintiff,

v.

LA JAMES COLLEGE OF HAIRSTYLING
INC. OF FORT DODGE, d/b/a LA JAMES
INTERNATIONAL COLLEGE,

TRAVIS, LTD, d/b/a LA JAMES
INTERNATIONAL COLLEGE,

M & C BEAUTY SCHOOL INC., d/b/a
LA JAMES INTERNATIONAL COLLEGE,

TIFFANY, LTD, d/b/a LA JAMES
INTERNATIONAL COLLEGE,

R & R CONSTRUCTION CO., d/b/a LA
JAMES INTERNATIONAL COLLEGE,

LYNDI, LTD,

TRAVIS BECHER,

and

CYNTHIA BECHER,

Defendants.

EQUITY No. EQCE077018

PROPOSED CONSENT JUDGMENT

This Consent Judgment is entered into between the State of Iowa, by Attorney General Tom Miller (“State”), and La’ James College of Hairstyling Inc. of Fort Dodge, doing business as La’ James International College; Travis, Ltd., doing business as La’ James International College, M & C Beauty School, Inc., doing business as La’ James International College, Tiffany, Ltd., doing business as La’ James International College, R & R Construction Co., doing business as La’

James International College, Lyndi, Ltd., Travis Becher, and Cynthia Becher including, except as otherwise provided herein, all of their respective subsidiaries, affiliates, successors, and assigns (collectively, “La’ James,” “the School,” or “Defendants,” and, together with the State, the “Parties”).

This Consent Judgment resolves the State’s concerns regarding La’ James’ compliance with the Iowa Consumer Fraud Act, Iowa Code § 714.16 (2013), particularly with respect to La’ James’ solicitation, enrollment, and instructional practices and acts relating to its post-secondary Educational Programs.

I. PARTIES

1. The State is acting through its Attorney General, Tom Miller, with his office located at 1305 E. Walnut St., Des Moines, IA 50319.

2. La’ James College of Hairstyling Inc. of Fort Dodge, does business as La’ James International College in Fort Dodge, Iowa, and is an Iowa corporation owned and operated by Lyndi, Ltd.. Travis, Ltd., does business as La’ James International College in Iowa City, Iowa, and is an Iowa corporation owned and operated by Lyndi, Ltd. M & C Beauty School, Inc., does business as La’ James International College in Cedar Falls, Iowa, and is an Iowa corporation owned and operated by Lyndi, Ltd. Tiffany, Ltd., does business as La’ James International College in Davenport, Iowa and Cedar Rapids, Iowa and is an Iowa corporation owned and operated by Lyndi, Ltd. R & R Construction Co., does business as La’ James International College in Johnston, Iowa and is an Iowa corporation owned and operated by Lyndi, Ltd. Defendant Lyndi, Ltd. is an Iowa corporation owned and operated by defendant Cynthia Becher, who has a seventy-five percent (75%) interest in the corporation, and her son, Travis Becher, who has a twenty-five percent (25%) interest in the corporation. Travis Becher is the Vice President of Lyndi, Ltd., a position in which he oversees and operates the corporate Defendants’ buildings and

facilities. Cynthia Becher is the President of Lyndi, Ltd., a position in which she oversees and controls each of the corporate Defendants' educational and/or business operations.

II. DEFINITIONS

Whenever the terms listed below are used in this Consent Judgment, the following definitions shall apply:

3. **“Administrator”** shall have the meaning set forth in Paragraphs 22 through 26.
4. **“Admissions Representative”** means any natural person employed by La James who has responsibility for encouraging Prospective Students to apply or enroll in an Educational Program or recruiting Prospective Students, including, but not limited to, assisting Prospective Students with the application process and informing Prospective Students about Educational Programs at La James, including, but not limited to employees with job titles such as “Career Planner.”
5. **“Application for Enrollment”** shall mean the document executed by a Registered Student that sets forth certain terms and conditions of the Registered Student's application for enrollment in an Educational Program at the School. Execution of the Application for Enrollment attaches no financial obligation to the signatory beyond the potential application fee.
6. **“Campus”** shall mean one or more locations of the La' James cosmetology and massage schools and clinical salons within the schools, including but not limited to the School's facilities in Cedar Falls, Cedar Rapids, Davenport, Johnston, Fort Dodge, and Iowa City, Iowa.
7. **“Clearly and Conspicuously”** or **“Clear and Conspicuous,”** when referring to a statement or disclosure, means that such statement or disclosure is made in such size, color, contrast, location, and duration that it is readily noticeable, readable, and understandable. A statement may not contradict or be inconsistent with any other information with which it is presented. If a statement modifies, explains, or clarifies other information with which it is

presented, it must be presented in proximity to the information it modifies, in a manner that is likely to be noticed, readable, and understandable, and it must not be obscured in any manner.

8. “**College Contract**” shall mean the La’ James International College Contract a Student signs during orientation to enroll in an Educational Program.

9. “**Educational Program**” shall mean the curriculum offered by La’ James, including but not limited to programs in cosmetology, esthetics, massage therapy, nail technology, and teacher training, for which La’ James charges tuition and/or fees, which is designed to lead toward a diploma, certificate or other indication of completion, and which is designed to make a Student eligible to sit for any state or national licensing examination.

10. “**Effective Date**” means July 1, 2016.

11. “**Expected Completion Date**” means the date, set by the School and included in the College Contract, by which a Student is contractually obligated to finish the requirements of an Educational Program.

12. “**Good Cause**” means: (a) a material and substantial breach of the terms of this Consent Judgment by the Administrator, including the failure to comply with the terms and limitations of this Consent Judgment, (b) any act of dishonesty, misappropriation, embezzlement, intentional fraud, or similar conduct by the Administrator, (c) any intentional act of bias or prejudice in favor or against any of the Parties or Students by the Administrator, or (d) conduct by the Administrator that demonstrates unfitness to serve in any administrative capacity. Good Cause shall not include disagreements with the decisions of the Administrator pursuant to this Consent Judgment, unless there is a clear pattern in the Administrator’s decisions that demonstrates or shows that the Administrator has not been acting as an independent third party in rendering decisions.

13. **“Kit”** means a collection of salon or spa equipment, textbooks, and education fees, specific to each Educational Program, that the School requires Students to purchase as a condition to participating in an Educational Program.

14. **“Prospective Student”** means any natural person who expresses interest in enrollment or is recruited by the School for entry into an Educational Program.

15. **“Registered Student”** means any natural person who has signed an Application for Enrollment.

16. **“Single-Page Disclosure Sheet”** shall mean a short form document that communicates certain information regarding the School and its Educational Programs as described further herein.

17. **“Student”** means any natural person who has signed a College Contract and is or was enrolled in an Educational Program at the School.

18. **“Student Financial Services Representative”** means any natural person employed by La’ James who has substantial responsibility for assisting or advising Students and Prospective and Registered Students with respect to financial aid matters.

19. **“Student Handbook”** shall mean a long form document that communicates important information regarding the School, its Educational Programs, and its policies, procedures, and Student orientation materials.

20. **“Student Portal”** means the La’ James managed, password protected Internet-based platform that provides Students and Registered Students with information regarding the School’s Educational Programs, policies, and financial requirements.

21. **“Qualified Instructor”** shall mean a person licensed in the state of Iowa for the purpose of teaching courses in cosmetology, esthetics, massage therapy, nail technology, teacher

training, or for any other content of an Educational Program where La' James charges tuition and/or fees, which is designed to lead toward a diploma, certificate or other indication of completion.

III. ADMINISTRATOR PROVISIONS

Appointment of an Administrator

22. As of the Effective Date, Nicholas A. Klinefeldt, Esq. is appointed as the Administrator to oversee La' James' compliance with the provisions of this Consent Judgment. The Administrator may act directly or through staff, agents, employees, contractors, and representatives in overseeing La' James' compliance with the terms of this Consent Judgment.

23. Within sixty (60) days of the Effective Date, the Attorney General, La' James, and the Administrator shall agree on a proposed work plan and contract that shall include all reasonable and necessary fees and costs of the Administrator, subject to the maximum set forth in Paragraph 27 below. If the Administrator, the Attorney General, and La' James fail to reach agreement within the sixty (60) day period, the Attorney General shall determine a fair and reasonable work plan and contract in consultation with La' James and the Administrator.

24. In the event of any dispute arising over the Administrator's performance or the reasonableness of the Administrator's costs and fees, either La' James or the Attorney General may request that the issue be resolved by the Iowa District Court in Polk County pursuant to the Court's continuing jurisdiction set forth in Paragraph 100 below.

25. The Administrator may be dismissed for any reason by agreement of the Parties. In the event the Parties do not agree to the dismissal of the Administrator, either the Attorney General or La' James may submit the question of the Administrator's dismissal to the Iowa District Court

in Polk County pursuant to the Court's continuing jurisdiction set forth Paragraph 100 below, and the Administrator shall only be dismissed if that Court finds that there is Good Cause for dismissal.

26. The Administrator shall be appointed for a term of three (3) years, to run from the Effective Date. If the Administrator is dismissed or leaves the position for any reason before the end of the term, another Administrator shall be appointed by agreement of La' James and the Attorney General to serve the remainder of the term. If an agreement on a new Administrator cannot be reached within thirty (30) days of the departure of the previous Administrator, unless the parties agree to extend such period of time in which to make an agreement on a new Administrator, the Attorney General shall appoint a new Administrator. Any gap in time between the departure of an Administrator and the appointment of a new Administrator shall not extend the three (3) year term. The work plan and contract of any new Administrator shall contain the same terms as the Agreement with the previous Administrator (except as to the length of the contract), unless La' James and the Attorney General otherwise agree to revise such work plan and contract.

Costs of the Administrator

27. La' James shall pay the reasonable and necessary fees and costs of the Administrator. Reasonable and necessary fees and costs shall be limited to those set out in the Administrator's contract, but in no event shall the Administrator's fees and costs exceed a total of \$250,000 during the three (3) year term. The Administrator may petition the Court pursuant to the Court's continuing jurisdiction set forth in Paragraph 100 below to exceed this amount if La' James has engaged in substantial violations of the terms of this Consent Judgment. If the Administrator's term is extended pursuant to Paragraph 35 below, the parties shall cooperate to establish a maximum amount of fees and expenses for the Administrator's additional term. If the parties are unable to agree upon such amount, the issue shall be resolved by the Iowa District Court in Polk County pursuant to the Court's continuing jurisdiction set forth in Paragraph 100 below.

Powers and Duties of the Administrator

28. The Administrator shall independently review La' James' compliance with the terms of this Consent Judgment in accordance with the work plan referenced in Paragraph 23. In furtherance of this purpose, and without limiting the power of the Administrator to review any relevant matter within the scope of this Consent Judgment, the Administrator shall be permitted to, and has the authority pursuant to this Consent Judgment and order of the Court to:

- (a) observe Admissions Representative and Student Financial Services Representative training sessions;
- (b) monitor telephone calls and meetings between Admissions Representatives or Student Financial Services Representatives and Students, Registered Students, or Prospective Students. The Administrator shall not be permitted to participate in such calls or attend such meetings, but it is expressly understood that the Administrator may utilize "mystery shoppers", who are persons hired to pose as Prospective Students or Registered Students, and collect information relevant to an Admissions Representative's or Student Financial Service Representative's compliance with this Consent Judgment.
- (c) obtain copies of and review transcripts, recordings, and/or reports related to any telephone call or meeting with Prospective or Registered Students and Students;
- (d) obtain copies of and review materials used to train Admissions Representatives and Student Financial Services Representatives;
- (e) obtain copies of and review advertisements, marketing materials, websites, catalogs, Applications for Enrollment, disclosures, including the Single-Page Disclosure Sheet and the Student Handbook, and other public-facing media to verify compliance with this Consent Judgment;

(f) obtain copies of and review complaints made after the Effective Date to La' James, its accreditors, the Attorney General, the Better Business Bureau, or to any state or federal governmental body, which potentially concern or relate to any of La' James' recruitment, solicitation, admissions, enrollment, Student financial aid, career services, time-keeping, and instructional practices related to any of La' James' Educational Programs;

(g) monitor La' James' compliance with its refund policy, with changes to its time removal policy and its Leave of Absence Policy and its provision of Qualified Instructors;

(h) review La' James' institutional and programmatic accreditation status to verify compliance with this Consent Judgment;

(i) have reasonable access to books, records, other documents, and staff sufficient to ensure implementation of and compliance with this Consent Judgment;

(j) review La' James' records to verify La' James' compliance with its obligation to forgo efforts to collect outstanding debt from certain Students and to remove debt obligations from same Students' credit reports pursuant to Paragraphs 77 and 78 of this Consent Judgment;

(k) have reasonable access to employees and former employees of La' James as the Administrator deems necessary to ensure implementation of and compliance with this Consent Judgment; reasonable access for purposes of this subparagraph includes disclosing the identity of any current employee or former employee if the identity is requested by the Administrator and can be determined by La' James; reasonable access to current employees shall include providing appropriate times and locations for staff

interviews; and reasonable access to former employees shall include providing the most recent contact information available;

(l) have reasonable access to Students of La' James as the Administrator deems necessary to ensure implementation of and compliance with this Consent Judgment; reasonable access for purposes of this subparagraph includes disclosing the identity of any Student if the identity is requested by the Administrator and can be determined by La' James; reasonable access to Students who are currently enrolled at the School shall include providing appropriate times and locations for student interviews; and reasonable access to Students who are not currently enrolled at the School shall include providing the most recent contact information available; and

(m) Notwithstanding the foregoing subparagraphs, this Consent Judgment shall not effectuate a waiver of the attorney-client privilege or the attorney-work-product doctrine, and the Administrator shall not have the right to demand access to documents or information protected by the attorney-client privilege or the attorney-work-product doctrine.

29. The Administrator shall make a good faith effort to perform his or her duties in a manner designed to cause minimal disruption to La' James' activities. In this regard, La' James shall designate a primary point of contact for the Administrator in order to facilitate the Administrator's access to documents, materials, Students or employees necessary to review La' James' compliance with this Consent Judgment. The Administrator shall communicate any request for documents, materials, or access to Students or employees to the designated contact, unless otherwise instructed. For the avoidance of doubt, nothing in this paragraph shall be interpreted to prohibit the Administrator from speaking with employees or former employees of

La' James.

30. If at any time the Administrator believes that there is undue delay, resistance, interference, limitation, or denial of access to any records or to any employee or former employee deemed necessary by the Administrator to implement or review compliance with this Consent Judgment, the Administrator shall meet and confer with the designated La' James representative referenced in Paragraph 29. If the Administrator cannot resolve such limitation or denial with La' James, the Administrator shall immediately report such issue to the Attorney General.

31. Nothing in this Consent Judgment shall limit the ability of the Administrator to communicate at any time with the Attorney General, on an ex parte basis, regarding La' James' conduct or to provide documents or information to the Attorney General.

Oversight and Compliance

32. The Administrator and the designated La' James representative referenced in Paragraph 29 shall meet on a semi-annual basis, or more frequently if the Administrator deems reasonably necessary, in order to discuss any facts, matters, issues, or concerns that may arise in the administration of this Consent Judgment or that may come to the attention of the Administrator. The purpose of these meetings is to permit La' James to confer with the Administrator and address issues and concerns as they arise. In addition, the Administrator may in his or her discretion and on reasonable advance notice invite the La' James representative referenced in Paragraph 29 and the Attorney General to meet and confer to the extent he or she deems it reasonably necessary for the administration of this Consent Judgment.

33. The Administrator shall issue a report to the Attorney General and to La' James within six (6) months after the Effective Date and every twelve (12) months thereafter for the duration of the Administrator's term. The Administrator may make more frequent reports as

deemed reasonably necessary or upon request of the Attorney General. All written reports by the Administrator shall be provided to La' James at least fourteen (14) days prior to their presentation to the Attorney General. The Administrator and La' James shall meet and confer to discuss written reports prior to their presentation to the Attorney General. As part of this conferral process, the Administrator shall in good faith consider all reasonable modifications to the report proposed by La' James, including any request to prevent the disclosure of confidential information. Upon request, the Attorney General shall be granted access to the draft reports.

34. The reports referred to in Paragraph 33 shall include:

- (a) a description of the methodology and review procedures used;
- (b) an evaluation of whether La' James is in compliance with the provisions of this Consent Judgment, together with a description of the underlying basis for that evaluation; and
- (c) a description of any practice which the Administrator believes may constitute a deceptive or unfair practice.

35. If, at the conclusion of the Administrator's three-year term, the Attorney General determines in good faith and in consultation with the Administrator that La' James has engaged in substantial violations of this Consent Judgment, the Administrator's engagement shall be extended for an additional term of up to two (2) years, subject to the right of La' James to commence legal proceedings for the purpose of challenging the decision of the Attorney General and to seek preliminary and permanent injunctive relief with respect thereto. Such legal proceedings shall be brought within this action pursuant to the Court's continuing jurisdiction set forth in Paragraph 100 below.

Use of the Administrator's Reports

36. The Administrator's reports (including the reports described in Paragraph 33) and testimony may be used by the Attorney General or La' James in any action or proceeding relating to this Consent Judgment or relating to any La' James conduct reported by the Administrator to the Attorney General, and the reports shall be admissible into evidence in any such action or proceeding.

Confidentiality

37. It is understood that any document, information, or report shared with the Attorney General pursuant to this Consent Judgment (including reports created by the Administrator pursuant to Paragraphs 33 and 34) is subject to Iowa Code Chapter 22. Nevertheless, the Attorney General recognizes that some or all of such documents, information, or reports may be confidential pursuant to Iowa Code Chapter 22 or other applicable state or federal laws and thus, shall not of his own volition release to the public any documents, information or reports that are not considered public information under the applicable law and have been identified as confidential by La' James. In the event that the Attorney General receives a request to disclose a document, information, or report and determines that the requested document, information or report is not confidential and thus, is subject to disclosure or if the Attorney General is compelled to produce any document, information or report pursuant to a court or administrative order, the Attorney General shall provide La James' notice of such intended disclosure at least ten (10) business days prior to the disclosure.

Additional Administrator Provision

38. Non-Retaliation Clause: La' James shall not intimidate, harass, threaten, or penalize any employee or former employee for his or her cooperation with or assistance to the

Administrator relating to the Administrator's Powers and Duties to ensure implementation of and compliance with this Consent Judgment.

39. The Administrator's liability shall be limited to the fees paid to the Administrator. There shall be no third party beneficiary enforcement rights against the Administrator. The Administrator's duties are to monitor and report to the Attorney General and to the Court. Nothing in this Consent Judgment creates an attorney-client relationship by the Administrator with La' James or the Attorney General.

IV. INJUNCTIVE RELIEF AND ENJOINED CONDUCT

Pursuant to Iowa Code § 714.16(7), Defendants agree to the following:

REQUIRED DISCLOSURES

Single-Page Disclosure Sheet

40. La' James shall Clearly and Conspicuously provide a Single-Page Disclosure Sheet, which shall be approved by the Administrator, for the Educational Program in which the Prospective Student is seeking to enroll by disclosing the Single-Page Disclosure Sheet during the application process and prior to the Prospective Student's submission of a completed Application for Enrollment and payment of any application fee. When the application process is initiated or completed in-person between a La' James representative and a Prospective Student, in addition to any other method of Clear and Conspicuous disclosure, La' James shall also provide the Prospective Student with a printed copy of the Single-Page Disclosure Sheet. Additionally, except where the Prospective Student has not provided La' James with an email address, La' James shall email the Single-Page Disclosure Sheet to the Prospective Student prior to the execution of the Application for Enrollment.

41. Before a current Student begins an Educational Program different from the one in which he/she is enrolled, La' James shall Clearly and Conspicuously disclose to the Student the

Single-Page Disclosure Sheet for the Educational Program in which the Student may enroll. Additionally, except where the Student has not provided La' James with an email address, La' James shall email the Single-Page Disclosure Sheet to the Student prior to that Student enrolling in the different Educational Program.

42. The Single-Page Disclosure Sheet shall be in black, minimum 12 point font size, shall include the School's name, the name of the individual signing on behalf of the School in print and via physical signature, the Prospective Student's name in print and via physical signature, and the date the Prospective Student signed the document.

43. The Single-Page Disclosure Sheet shall be specific to each Educational Program offered on each Campus and shall not be provided as a segment of any other document nor as a part of any packet or collection of other documents.

44. The Single-Page Disclosure Sheet for each Educational Program shall contain at least the following information:

(a) An itemized list of the tuition amount and any and all fees, including any and all education fees otherwise included in the cost of any Kit, or other monetary expenditures required of the Student in order to complete the Educational Program, including but not limited to registration and enrollment fees and the itemized costs for tuition, books, clothing, and Kit charges;

(b) a statement indicating a Student's right to purchase all of the items in the Kit from La' James or an alternative source (with the exception of clothing or uniforms containing La' James' name and logo, which is not available from other sources), provided the items purchased are of comparable professional quality and information. The statement shall indicate where a Student can find an itemized list of Kit contents including the price

charged to Students for each individual item. The statement shall provide that if a Student has transferred from another similar Educational Program and the Kit items are of comparable professional quality or if the Student was previously a Student at La' James and purchased a Kit, then that Student will only need to purchase (from La' James or an alternative source) the specific items of comparable professional quality necessary to complete the current required Kit from La' James;

(c) a statement indicating a Student's right to purchase the required and recommended textbooks, workbooks, and other course materials from La' James or an alternative source consistent with Federal law, provided the textbooks are the specified edition and free from substantial writing and provided that workbooks are the specified edition and have not been previously used;

(d) a statement indicating a Prospective Student's right to request a list of instructors and their qualifications as described in Paragraph 50 prior to signing an Application for Enrollment and instructions on how to access the list on the Student Portal.

(e) the Expected Completion Date for the Student;

(f) any and all monetary expenditures imposed by La' James for the completion of the Educational Program after the Expected Completion Date; and

(g) the percentage of Students who have completed the Educational Program on or before the Expected Completion Date for the three academic years preceding the year of the Student's enrollment.

(h) occupational and clinical skills requirements for a Student to complete the Educational Program, including but not limited to:

(1) the number of skills and the type of skills a Student is required to

demonstrate prior to the completion of the Educational Program;

(2) the maximum amount of credits accepted for skills training completed on mannequins, other Students, or non-paying customers; and

(3) any and all policies concerning customer recruitment expectations.

The Student Handbook

45. La' James shall Clearly and Conspicuously disclose the Student Handbook during the application process and prior to the Prospective Student's submission of a completed Application for Enrollment. Additionally, except where the Prospective Student has not provided La' James with an email address, La' James shall email the Student Handbook or a hyperlink to the Student Handbook with directions as to how to electronically access it to the Prospective Student prior to the execution of the Application for Enrollment.

46. Additionally, La' James shall Clearly and Conspicuously include the Student Handbook on its public website.

47. Before a current Student begins an Educational Program different from the one in which he/she is enrolled, La' James shall Clearly and Conspicuously disclose to the Student the Student Handbook. Additionally, except where the Student has not provided La' James with an email address, La' James shall also email the Student Handbook or directions as to how to electronically access the Student Handbook to the Student prior to that Student enrolling in a new Educational Program.

48. The Student Handbook shall contain at least the following information:

(a) service requirements for a Student to complete each Educational Program offered, including but not limited to the number of services required to be performed for completion of an Educational Program, broken down by service type, the total amount of

services required, and the required number of each service per term;

(b) policies for the assignment of paying customers who were not recruited by or affiliated with a current Student (*i.e.* walk-ins, La' James existing customer base, and/or customers otherwise without a relationship with the Student) to Students in La' James salons;

(c) any policies or expectations concerning the purchase or sale of products offered at La' James salons, including but not limited to the purchase by Students of "back bar" products for use on customers;

(d) attendance policies that may impact a Student's ability to accumulate attended hours, including but not limited to rounding rules, automatic removal of clocked-in hours, tardiness, and make-up hours;

(e) the School's time removal policy and the process for removing and/or correcting any time relating to a Student, as discussed in Paragraph 58;

(f) policies concerning a Student's ability to request and receive a leave of absence, as discussed in Paragraphs 60 and 61;

(g) textbook information, including but not limited to the Student's cost to purchase from La' James, title, edition, publication year and ISBN number of any and all materials used;

(h) itemized lists of the contents of each Educational Program Kit, including the cost charged to Students for each item.

(i) policies concerning the disbursement of living expense allowances, including but not limited to the number of hours required to be completed before a Student is eligible to receive a living expense allowance disbursement.

49. La' James shall be permitted to make such reasonable changes to the Single-Page Disclosure Sheet and Student Handbook and to the form and timing of the disclosure of the Single-Page Disclosure Sheet and Student Handbook as approved by the Administrator in consultation with the Attorney General.

Instructor Disclosures

50. La' James will make available on its Student Portal a list of the School's current instructors, which identifies the instructor's assigned Campus, courses taught, and basic curriculum vitae information, including educational degrees obtained and professional licenses held, places of instruction attended, and professional experience, including years of employment related to their area of instruction.

51. Upon request by a Prospective Student, La' James will provide the Prospective Student with the same list and information described in Paragraph 50 and La' James will inform Prospective Students of the right to obtain this list on the Single-Page Disclosure.

52. La' James will make a good faith effort to maintain the list on the Student Portal by updating it regularly to reflect new instructors, changes to an instructor's assigned Campus, courses taught, certifications and professional licenses, and other relevant information related to the instructor's educational offerings at La' James.

INSTRUCTOR REQUIREMENTS

53. The School will ensure that each meeting of every class in an Educational Program is staffed, in the classroom, by a Qualified Instructor.

54. The School will ensure that all instructors are Qualified Instructors and all licenses authorizing an instructor to teach a specific course are in good standing with Iowa Board of Cosmetology Arts and Sciences or the Iowa Board of Massage Therapy.

OCCUPATIONAL & CLINICAL REQUIREMENTS

55. For each Educational Program, La' James shall allow Students beginning an Educational Program after the Effective Date to fulfill up to fifty percent (50%) of the clinical practicum requirements for Educational Program completion on non-paying customers, including but not limited to non-paying Students, non-paying customers provided by Students or the School, or where appropriate mannequins, in accordance with a schedule established by the School.

56. The School shall provide paying customers sufficient for Students to fulfill the remaining 50% clinical practicum requirement; and if the School fails to provide the necessary number of paying customers in order for Students to fulfill the remaining 50% clinical practicum requirement, the School shall permit Students to fulfill remaining clinical practicum requirements on non-paying customers, including, but not limited to non-paying Students, non-paying customers provided by Students or the School, or where appropriate mannequins, in accordance with a schedule established by the School.

57. La James agrees that it will not increase the total number of clinical practicum requirements from the amount required for each Educational Program as of August 28, 2014 unless such increases are required by the governing licensing or credentialing bodies.

TIME REMOVAL POLICY

58. La' James shall not automatically remove clocked-in time from a Student's time record unless such removal is done pursuant to a written policy that is provided to Students in advance of the implementation of such policy. The written policy shall also set forth the specific person(s) by job title to which the Student can inquire regarding specific removals of clocked-in time for that particular Student.

59. As stated in Paragraph 48(e), the School's process and procedures for removing and/or correcting any time relating to a Student shall be, at a minimum, in the Student Handbook, which is accessible through the Student Portal and its public website.

LEAVE OF ABSENCE POLICY

60. La' James shall implement a "Leave of Absence Policy" that permits Students to take a Leave of Absence from an Educational Program for extended periods of time for any justifiable reason, which includes, but is not limited to personal medical leave family medical or financial hardship.

61. The Leave of Absence Policy shall comply with United States Department of Education regulations and shall not contain restrictions beyond those specifically required by the United States Department of Education.

62. As stated in Paragraph 48(f), the Leave of Absence Policy shall be, at a minimum, in the Student Handbook, which is accessible through the Student Portal and its public website.

ADDITIONAL COURSE REQUIREMENTS

63. La' James shall not require Students to perform janitorial services or sanitation services beyond those which are set forth in the Iowa Administrative Rules established by the Iowa Board of Cosmetology Arts and Sciences or the Iowa Board of Massage Therapy and Iowa Code chapters 152C and 157.

REQUIRED WITHDRAWAL AND REFUND PROVISION

64. La' James shall permit all Students to withdraw, without condition or limitation, during the first two (2) weeks following the Student's commencement of an Educational Program, excluding any orientation programs offered by the School, such as on-boarding.

65. If a Student withdraws during the initial two (2) week period, La' James shall refund any and all monetary payments received from the Student prior to the Student's withdrawal, with the exception of the fifty dollar (\$50) application fee which the School is entitled to retain, refund any loan or grant fund received from any source relating to the Student's enrollment and cancel all federal and state financial aid disbursements.

66. In the event a Student withdraws from an Educational Program during the initial two (2) week period, La' James shall not hold the Student liable for any fees, expenses, or other costs, with the exception of the fifty dollar (\$50) application fee which the School is entitled to retain, and shall accept the return of any unused Kit items, clothing, or other goods purchased by the Student from the School and issue a full refund to the Student for each item.

67. If a Student withdraws from an Educational Program after the initial two (2) week period, La' James may retain or be entitled to payment for a percentage of any tuition and fees and other educational costs earned, based on the percentage of the enrollment period attended by the Student, subject to applicable Iowa and federal law.

68. No La' James Educational Program shall change its internal policy with respect to calculating the percentage of tuition and fees and other educational costs that a Student remains obligated to pay upon withdrawal in a manner that results in the policy becoming less favorable to Students unless La' James obtains the prior approval of the Administrator or, if the Administrator's term has expired, the Attorney General.

69. La' James shall comply with all state and federal record-keeping requirements for documenting Student attendance and determining dates of withdrawal.

70. La' James shall comply with applicable state and federal law specifying the amounts owed by or to be refunded to Students to the extent their withdrawal would result in a greater refund or lower cost for a Student than is otherwise required herein.

MISREPRESENTATIONS, PROHIBITIONS, AND REQUIRED CONDUCT

71. In connection with the recruitment of any Prospective Students or retention of any Registered Student or Student, La' James is prohibited from:

- (a) making any false, deceptive, or misleading statements;
- (b) omitting any material fact;
- (c) engaging in unfair practices.

72. In connection with any communication with Prospective Students, Registered Students, or Students La' James shall not make any false, deceptive, or misleading statements concerning financial aid, specifically with respect to when a Student will receive a living expense allowance disbursement. Notwithstanding the prohibitions contained in this paragraph, La' James and its representatives are permitted to provide good faith estimates to Prospective Students, Registered Students, or Students about the amount of financial aid they may be expected to receive and when they may be expected to receive the financial aid.

73. La' James shall not make express or implied false, deceptive, or misleading claims to Prospective Students, Registered Students, or Students with regard to its instructors and Educational Program information including, but not limited to, misrepresenting:

- (a) the names, certifications, and qualifications of instructors;
- (b) the assignment and availability of instructors at a specified Campus; and
- (c) the course credits and any additional requirements for satisfactorily completing each of the Educational Programs.

74. La' James shall not make express or implied false or misleading claims to

Prospective Students, Registered Students, or Students regarding actual or potential financial obligations the Student will incur regarding an Educational Program, including but not limited to:

- (a) the cost of attendance; and
- (b) any and all overage charges if the Student does not complete the

Educational Program by the Expected Completion Date.

75. La' James shall provide all information reasonably necessary to inform Prospective Students, Registered Students, and Students about La' James and its Educational Programs, including but not limited to the Single-Page Disclosure Sheet and the Student Handbook, and if a representative of La' James truthfully advises a Prospective Student, a Registered Student, or a Student that he or she does not have the information requested by the Prospective Student, Registered Student, or Student at hand, then La' James shall subsequently, to the extent such information is reasonably ascertainable prior to the expiration of the applicable refund period established by Paragraph 64, provide such information.

RECRUITING PRACTICES

76. La' James shall not engage in any false, misleading, deceptive, abusive, or unfair acts or practices when recruiting Prospective Students or retaining Registered Students or Students, including during any orientation or orientation-related programs and refund periods referenced in Paragraph 64.

V. FINANCIAL REMEDIES

INSTITUTIONAL DEBT

77. For purposes of this paragraph and Paragraph 78, a "Qualifying Former Student" means any former Student who meets the following criteria: (a) enrolled in an Educational Program at La' James; (b) owes amounts to La' James for enrollment and attendance of an Educational Program; (c) La' James is able to secure release of such amounts from its collection

agency and/or such amounts have not been submitted to its collection agency; and (d) is identified in a confidential spreadsheet provided to the Attorney General and/or Administrator, which contains the name and amount of debt for each Qualifying Former Student. As partial consideration for the release set forth in Paragraph 89, without any admission of wrongdoing, Defendants agree to forgo efforts to collect all amounts that Defendants claim is owed to La' James by Qualifying Former Students (hereinafter "Institutional Debt"), which amounts totaled, as of February 24, 2016, approximately \$2,160,000. For the avoidance of doubt, Institutional Debt shall not include debts that are owed to non-La' James entities, such as, for example, federal student loans owed to the United States government. In the event that a Qualifying Former Student or a co-signer for a Qualifying Former Student attempts to make a payment to La' James for Institutional Debt subsequent to the Effective Date, La' James shall use reasonable efforts to refuse and return such payment. La' James shall request that any and all trade line information related to the Institutional Debt, to the extent that such trade line information exists, be deleted from each Qualifying Former Students' credit reports at La James' own expense.

78. Within ninety (90) days of the Effective Date, La' James shall send a letter by U.S. mail to each Qualifying Former Student at his or her last known mailing address notifying each Qualifying Former Student that La' James is foregoing collection on his/her Institutional Debt, including all interest and fees. The notice shall state that due to a recent settlement with the Attorney General, the Qualifying Former Student's account balance owing to La' James is zero dollars (\$0) and shall encourage the Qualifying Former Student to advise any and all co-signers that the Qualifying Former Student's account balance owing to La' James has been reduced to zero dollars (\$0). The notice shall also inform the Qualifying Former Student that La' James will send a copy of the notice to each of the credit reporting agencies (*i.e.*, TransUnion, Equifax, and

Experian). The notice shall further inform the Qualifying Former Student that if he/she finds that Institutional Debt owed to La' James by the Qualifying Former Student is still erroneously appearing on his/her credit report after one hundred and twenty (120) days and notifies La' James, then La' James, at their own expense, shall promptly and properly notify the appropriate credit reporting agency, whether directly or indirectly, of any change(s) to be made to the credit reporting resulting from this Consent Judgment. The notice shall provide the School's contact information for making a request to correct a credit report and for any additional inquiries about the Qualifying Former Student's account.

PAYMENT TO THE ATTORNEY GENERAL

79. On July 1, 2016, the named corporate Defendants shall make a payment to the Attorney General of Iowa in the sum of five hundred thousand dollars (\$500,000), to be used by the Attorney General for any use for which the Attorney General may lawfully expend funds, including but not limited to reimbursement for current and former Students for tuition and fees, for the costs and fees of the Attorney General's investigation and/or for any purpose for which funds directed to the Consumer Litigation and Education Fund, referenced in Iowa Code § 714.16C, may be expended, apportioned at the sole discretion of the Attorney General.

80. In addition, within five (5) business days of the Effective Date, Defendants Cynthia Becher and Travis Becher shall make a payment to the Attorney General of Iowa in the sum of twenty-five thousand dollars each (\$25,000 each, for a total of \$50,000), to be used by the Attorney General for any use which the Attorney General may lawfully expend funds, including but not limited to reimbursement for current and former Students for tuition and fees, for the costs and fees of the Attorney General's investigation and/or for any purpose for which funds directed to the Consumer Litigation and Education fund, referenced in Iowa Code § 714.16C, may be

expended, apportioned at the sole discretion of the Attorney General.

81. In no event shall any portion of this payment by La' James be characterized as the payment of a fine, civil penalty, or forfeiture by La' James.

VI. ENFORCEMENT

82. La' James shall provide the Attorney General with reasonable access to inspect and copy relevant, non-privileged records and documents in the possession, custody, or control of La' James that relate to La' James' compliance with each provision of this Consent Judgment. If the Attorney General makes or requests copies of any documents during the course of that inspection, the Attorney General will provide a list of those documents to La' James. This provision does not limit the Attorney General's right to otherwise serve or enforce subpoenas or CIDs on La' James.

83. For the purposes of resolving disputes with respect to compliance with this Consent Judgment, should the Attorney General have a reasonable basis to believe that La' James has engaged in a practice that violates a provision of this Consent Judgment and decides to pursue the matter, then the Attorney General shall notify La' James in writing of the specific practice in question, identify with particularity the provision of this Consent Judgment that the practice appears to violate, and give La' James thirty (30) days to respond to the notification. Within thirty (30) days of its receipt of such written notice, La' James shall provide a good faith written response to the Attorney General, which contains either a statement explaining why La' James believes it is in compliance with the Consent Judgment, or a detailed explanation of how the alleged violation occurred and a statement explaining how La' James intends to or has already remedied the alleged breach.

84. The Attorney General may assert its claim that La' James has violated this Consent Judgment to enforce compliance with this Consent Judgment in this case under the Court's continuing jurisdiction provided in Paragraph 100 herein, or may seek any other relief afforded by

law, but only after providing La' James an opportunity to respond to the notification described in Paragraph 83; *provided, however*, that the Attorney General may take any action if the Attorney General concludes that a specific practice of La' James requires immediate action due to a threat to the health, safety, or welfare of the public, or the practice creates a public emergency requiring immediate action.

85. Beginning on the fourth anniversary of the Effective Date, La' James shall have the right to file a request with the Attorney General to be relieved of its obligations of the Consent Judgment if La' James can demonstrate that it has substantially complied with the terms of the Consent Judgment. La' James shall set forth in writing the reasons why it believes it should be relieved from such obligations and any additional factors that it would like the Attorney General to consider. The Attorney General shall consider any such request in good faith and in each case, the Attorney General shall be obligated to meet and confer with La' James within thirty (30) days of the request being sent and to make a decision about the request within sixty (60) days after such meeting. If the Attorney General does not agree to release La James from the obligations, La James has the right to challenge such decision pursuant to the Court's continuing jurisdiction as set forth in Paragraph 100 below.

86. Subject to the release set forth in Paragraph 89, nothing in this Consent Judgment limits the right of the Attorney General to conduct investigations or examinations or file suit for any violation of applicable law, nor shall anything in the Consent Judgment be construed to limit the remedies available to the Attorney General for any violation of applicable law that is not released by this Consent Judgment. For the avoidance of doubt, nothing in this paragraph shall be construed to modify the procedures to be followed prior to the filing of an action to enforce the terms of this Consent Judgment, as set forth in Paragraphs 83 through 84.

VII. GENERAL PROVISIONS

87. Either the Attorney General or La' James may request to meet and confer with respect to any aspect of this Consent Judgment or its implementation by notifying the other party. The notice shall state the subjects proposed to be discussed. The recipient of the notice shall in good faith make itself and/or its representatives available to meet and confer at a mutually convenient time within thirty (30) days of the notice being sent.

88. This Consent Judgment is for settlement purposes only. No part of this Consent Judgment constitutes or shall be deemed to constitute an admission by Defendants that they have ever engaged in any conduct proscribed by this Consent Judgment, nor shall this Consent Judgment constitute evidence against Defendants in any action brought by any person or entity for any violation of any federal or state statute or regulation or the common law, except in an action brought by the Attorney General to enforce the terms of this Consent Judgment.

89. As of the Effective Date, Plaintiff hereby releases all Defendants from all civil claims, actions, causes of action, damages, losses, fines, costs, and penalties related to the allegations of the Complaint in this action, that have been or could have been brought against Defendants or any of their respective current or former affiliates, agents, representatives, officers, directors or employees pursuant to Iowa's consumer protection statutes or other consumer-related or civil fraud laws on or before the Effective Date. Notwithstanding any other term of this Consent Judgment, the following are not included within the scope of this release: other individual party's private rights of action; actions to enforce this Consent Judgment; criminal claims; claims of environmental or tax liability; claims for property damage; claims alleging violations of State or federal securities laws; claims alleging violations of State or federal antitrust laws; claims brought by any other agency or subdivision of the State; claims alleging violations of State or federal privacy laws or State data breach laws; and claims alleging a breach of this Consent Judgment.

90. The Parties agree that this Consent Judgment does not constitute an approval by the Attorney General of any of La' James' past or future practices, and La' James shall not make any representation to the contrary.

91. The requirements of this Consent Judgment are in addition to, and not in lieu of, any other requirements of state or federal law. Nothing in this Consent Judgment shall be construed as relieving Defendants of the obligation to comply with all local, state, and federal laws, regulations, or rules, nor shall any of the provisions of this Consent Judgment be deemed as permission for Defendants to engage in any acts or practices prohibited by such laws, regulations, or rules.

92. Nothing contained in this Consent Judgment shall be construed to create or waive any other individual's private right of action.

93. Defendants shall not participate directly or indirectly in any activity to form or proceed as a separate entity or corporation for the purpose of engaging in acts prohibited in this Consent Judgment or for any other purpose which would otherwise circumvent any part of this Consent Judgment.

94. If any clause, provision or section of this Consent Judgment shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Consent Judgment and this Consent Judgment shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or other provision had not been contained herein.

95. The section headings and subheadings contained in this Consent Judgment are included for convenience of reference only and shall be ignored in the construction or interpretation of this Consent Judgment.

96. To the extent that any changes in Defendants' business, advertisements, and/or advertising practices are made to achieve or facilitate conformance to the terms of this Consent Judgment, the fact that such changes were made shall not constitute any form of evidence or admission, explicit or implicit, by Defendants of wrongdoing.

97. In the event that any statute, rule, or regulation pertaining to the subject matter of this Consent Judgment is enacted, promulgated, modified, or interpreted by any federal or State government or agency, or a court of competent jurisdiction holds that such statute, rule, or regulation is in conflict with any provision of the Consent Judgment, and compliance with the Consent Judgment and the subject statute, rule or regulation is impossible, Defendants may comply with such statute, rule or regulation and such action in the affected jurisdiction shall not constitute a violation of this Consent Judgment. Defendants shall provide written notice to the Attorney General and the Administrator, if applicable, that it is impossible to comply with the Consent Judgment and the subject law and shall explain in detail the basis for claimed impossibility, with specific reference to any applicable statutes, regulations, rules, and court opinions. Such notice shall be provided immediately upon La' James learning of the potential impossibility and at least thirty (30) days in advance of any act or omission which is not in compliance with the Consent Judgment. Nothing in this paragraph shall limit the right of the Attorney General to disagree with La' James as to the impossibility of compliance and to seek to enforce the Consent Judgment accordingly. However, before the Attorney General seeks to enforce the Consent Judgment under this paragraph, the Attorney General shall comply with the applicable enforcement provisions provided in Paragraphs 83 through 84.

98. All notices under this Consent Judgment shall be provided to the following via email and Overnight Mail:

For La' James:

Cynthia Becher
President
La' James International College
2419 5th Ave S
Fort Dodge, IA 50501

and

Douglas E. Gross
Rebecca A. Brommel
BrownWinick
666 Grand Avenue, Suite 2000
Des Moines, Iowa 50309
gross@brownwinick.com
brommel@brownwinick.com

For the State of Iowa:

Layne M. Lindebak
Max M. Miller
Iowa Department of Justice
1305 E. Walnut St.
Des Moines, IA 50319
layne.lindebak@iowa.gov
max.miller@iowa.gov

99. Defendants shall be liable for all court costs, which are limited to the filing fee(s), service fee(s), fees related to service of subpoenas and fees related to the court reporters employed by the court. As used in this Paragraph, court costs do not include the expenses associated with court reporters employed to take depositions and/or the costs of deposition transcripts. With respect to such depositions, the Parties are financially responsible pursuant to the invoices provided by the court reporters employed to take the depositions and will not seek reimbursement from any other Party for such expenses.

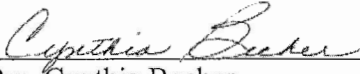
100. The Court retains jurisdiction of this action for the purpose of any actions relative to enforcement of the terms of the Consent Judgment and for any disputes between the Parties related to the Administrator as described in Paragraphs 24 and 25.

[Signature pages to follow]

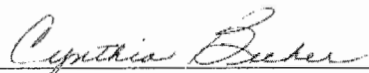
APPROVED:

FOR DEFENDANTS

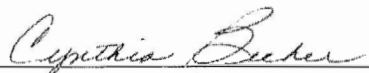
LA' JAMES COLLEGE OF
HAIRSTYLING INC. OF FORT DODGE,
d/b/a LA' JAMES INTERNATIONAL
COLLEGE


By: Cynthia Becher
Its: President, Secretary, and Treasurer

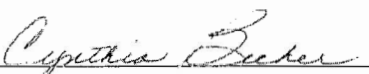
TRAVIS, LTD, d/b/a LA' JAMES
INTERNATIONAL COLLEGE


By: Cynthia Becher
Its: President, Secretary, and Treasurer

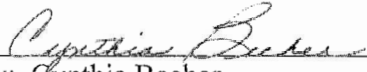
M & C BEAUTY SCHOOL INC., d/b/a LA'
JAMES INTERNATIONAL COLLEGE,


By: Cynthia Becher
Its: President, Secretary, and Treasurer

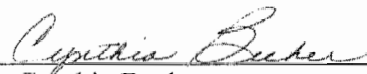
TIFFANY, LTD, d/b/a LA' JAMES
INTERNATIONAL COLLEGE



By: Cynthia Becher
Its: President, Secretary, and Treasurer


R & R CONSTRUCTION COMPANY, d/b/a
LA' JAMES INTERNATIONAL
COLLEGE,


By: Cynthia Becher
Its: President, Secretary, and Treasurer

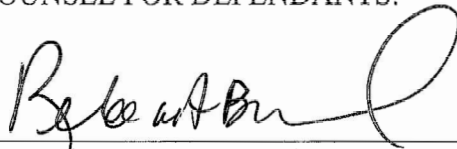
LYNDI, LTD,


By: Cynthia Becher
Its: President, Secretary, and Treasurer


Cynthia Becher, Individually


Travis Becher, Individually

COUNSEL FOR DEFENDANTS:



By: Rebecca A. Brommel
BrownWinick


By: Douglas E. Gross
BrownWinick

APPROVED:

FOR THE STATE OF IOWA

By: 
Layne M. Lindebak
Assistant Attorney General
Special Litigation Division
1305 E. Walnut St.
Des Moines, IA 50319
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Telephone: (515)-281-5164
Facsimile: (515) 281-6771

By: 
Max M. Miller
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Consumer Protection Division
1305 E. Walnut St.
Des Moines, IA 50319
Email: max.miller@iowa.gov
Telephone: (515) 281-5926
Facsimile: (515) 281-6771



State of Iowa Courts

Type: ORDER FOR CONSENT DECREE

| Case Number | Case Title |
|--------------------|--|
| EQCE077018 | STATE OF IOWA EX REL. VS LA' JAMES ET AL |

So Ordered

A handwritten signature in black ink, reading "Michael D. Huppert", is written over a horizontal line.

Michael D. Huppert, District Court Judge,
Fifth Judicial District of Iowa